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C O N F I D E N T I A L SECTION 01 OF 02 YEREVAN 000432

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DEPARTMENT PASS EUR/CARC

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TAGS: [PREL](#) [PGOV](#) [PINR](#) [IR](#) [AM](#) [RU](#)

SUBJECT: EUR A/S FRIED DISCUSSES N-K, ENERGY SECURITY AND DEMOCRACY WITH ARMENIAN POLITICAL ELITE

Classified By: CDA A.F. Godfrey for reasons 1.4 (b, d).

SUMMARY

¶11. (C) During an informal dinner March 15 with a group of Armenian political leaders, visiting EUR Assistant Secretary Daniel Fried underlined the USG's policy that strong democracies were better equipped to solve the region's most pressing problems, especially the Nagorno-Karabakh conflict, and to ensure energy security. Political leaders from across the spectrum, even the traditional "hawks," agreed that peaceful resolution of the Nagorno-Karabakh conflict was a prerequisite for real economic progress in the region. They offered differing opinions about whether or not the unrecognized authorities in N-K should be a party in the negotiations, Azerbaijan's commitment to a peaceful settlement and the level of political will within the GOAM to end the conflict. Opposition political leaders expressed concerns about the state of democracy in Armenia following last year's flawed constitutional referendum and some blamed the lack of results of the most recent round of negotiations in Rambouillet on the "illegitimacy" of the Kocharian administration. End Summary.

POLITICAL LEADERS UNITE -- AT LEAST FOR DINNER

¶12. (C) Ambassador Evans hosted a dinner for EUR Assistant Secretary Daniel Fried and his delegation with fifteen of

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Armenia's most influential political leaders in Yerevan on March 15. Joining A/S Fried were Ambassador Evans, EUR/SNEC Ambassador Steven Mann, EUR/CARC Director Elizabeth Rood and EUCOM J-5 Colonel Anderson. Discussion focused on the status of negotiations on Nagorno-Karabakh, energy security in the region and the state of democracy in Armenia. Guests included representatives from the full range of political parties, both pro-government and opposition. (Note: Such gatherings of political leaders, given ongoing pre-election posturing, a splintered opposition and tenuous relations with and between governing coalition members, are a rarity in Yerevan. There are few opportunities outside the National Assembly or ceremonial events where they come together for substantive roundtable discussions. End Note.)

NAGORNO-KARABAKH

¶13. (C) Responding to questions about the results of the latest set of talks between Presidents Kocharian and Aliyev, A/S Fried and Ambassador Mann said they remained hopeful about the future of the negotiations and warned against confusing lack of success at Rambouillet with failure of the entire process. They said they had conveyed this message while in Baku and would call for both governments to curb militaristic rhetoric and instead concentrate on which components the sides could solve by using a step-by-step approach. A/S Fried reported that he and Colonel Anderson had laid out explicitly for President Aliyev that a military solution was not an option and that Azerbaijan should not count on a military victory as a foregone conclusion. Ambassador Mann added that levels of frustration in Azerbaijani over N-K seemed to be at a 25-year high. He characterized Aliyev's approach to N-K resolution as business-like, closer to his innate instincts than those of a "military man." Both A/S Fried and Ambassador Mann said that they had met with the other OSCE Minsk Group co-chairs in Washington and they had the co-chairs' support for exploring a full range of approaches to the settlement.

¶14. (C) Political leaders offered differing opinions on the causes of the conflict and how the GOAM should approach the negotiation process. Former N-K military figure and political party founder Samvel Babayan said that any successful resolution must include the authorities in Nagorno-Karabakh as a party to the negotiations. Armenian Revolutionary Federation (ARF - "Dashnaksutyun") representative Armen Rustamyan said that the international

community was unsuccessful in the N-K resolution process because it was focusing on the consequences, not the causes, of the conflict. He named N-K's "unjust inclusion" in Azerbaijan as the root cause of the war and said Armenia would not ever allow it to remain within Azerbaijani control.

Artashes Tumanian, who until recently was Kocharian's Chief of Staff, expressed concerns that the USG might link N-K resolution to its overall Iran policy. A/S Fried responded to this last point with his prediction that N-K resolution would enhance all aspects of Armenia's security, including energy issues involving Iran. He assured those present that the USG was genuinely concerned about solving regional conflicts such as N-K and that even if Iran today walked away from its nuclear ambitions, the USG "would still be here trying to solve this problem."

ENERGY SECURITY

15. (C) Galust Sahakyan, a pro-Kocharian representative from the Republican Party, said that critics of Armenia's foreign or domestic policy must consider the "blockade situation" in which Armenia found itself. He opined that Armenia's closed borders "weighed heavily" on Armenia's already complex set of energy security questions. Opposition leader Artashes Geghamian remarked that the recent energy crisis in the Caucasus revealed a need for countries like Armenia to take responsibility for their democratic development to avoid over reliance on other countries (referring to Russia) for energy security. A/S Fried addressed these issues by saying that the USG believed that energy security in the region would come from open, non-corrupt energy systems that were used for economic, rather than political purposes. He called on Armenia to be as self-reliant as possible on this and other policy issues, as this was in line with USG goals for post-Soviet countries.

ELECTIONS AND DEMOCRACY

16. (C) Political leaders' opinions varied widely on the state of democracy in Armenia. Opposition MP Hrant Khachatryan blamed Armenia's stunted democratic development on the need of the Armenian people to "consistently make concessions on democracy so that leaders could have the flexibility to find the best possible solution to the N-K conflict." Opposition leader Hovannes Hovannessian offered a different spin on the issue. He said the governments of Armenia and Azerbaijan, because of their "illegitimate" power, were unable to garner sufficient domestic support to come to a solution at Rambouillet. Shavarsh Kocharyan, an opposition MP and until recently one of Armenia's parliamentary representatives to the Council of Europe, called the upcoming elections in 2007 (parliamentary) and 2008 (presidential) the next big chance for Armenia to improve the state of democracy. He called on the USG to tailor its proposed package of democracy assistance to include a heavy international observer presence and high-end technologies to monitor balloting. Ambassador Evans outlined some of the aspects of USAID's USD 7.6 million, multi-year program for election-related assistance and assured political leaders that USG support would address all these areas. He added that success of the program, however, would depend on political will from the GOAM and all political parties.

COMMENT

17. (C) While conversation flowed smoothly, there was obvious apprehension and a lack of up-to-date information among political leaders about Nagorno-Karabakh and the latest stage of negotiations. Their comments underscored the far reaching impact that the issue has on every aspect of local politics and the need to continually engage a broad cross-section of civil society if any peace deal will garner sufficient political and public support. These men agree on very little, but left no doubt that N-K remains at the top of everyone's political agenda.

18. (U) A/S Fried has cleared this message.
GODFREY